

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.

MONROE, LOUISIANA

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2012

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
DECEMBER 31, 2012

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT.....	1-3
FINANCIAL STATEMENTS:	
Statement of Financial Position.....	4
Statement of Activities.....	5
Statement of Cash Flows.....	6
Statement of Functional Expenses.....	7-8
Notes to Financial Statements.....	9-17
SUPPLEMENTARY FINANCIAL INFORMATION:	
Statement of Expenditures - Budget and Actual - Head Start Program.....	18
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	19-20
COMPLIANCE REPORTS:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	21-23
Independent Auditors' Report on Compliance for Each Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required By OMB Circular A-133.....	24-27
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	28-32
COORRECTIVE ACTION PLAN - CURRENT YEAR.....	33-34
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS.....	35

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"The CPA. Never Underestimate The Value."

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- Accounting & Auditing
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June 28, 2013

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Ouachita Multi-Purpose Community Action Program, Inc., and related statement of activities, schedule of functional expenses, and cash flows for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Ouachita Multi-Purpose Community Action Program, Inc., as of December 31, 2012, and the respective changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of expenditures - budget vs. actual Head Start Program and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013 on our consideration of Ouachita Multi-Purpose Community Action Program, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ouachita Multi-Purpose Community Action Program, Inc.'s internal control over financial reporting and compliance.

Johnston, Perry, Johnson & Associates, L.L.P.

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012

ASSETS

CURRENT ASSETS

Cash	136,082
Accounts Receivable - Grants	893,058
Contributions Receivable - Restricted	<u>132,000</u>

TOTAL CURRENT ASSETS 1,161,140

FIXED ASSETS AND PROPERTY

Furniture, Buildings, and Equipment at Cost, Net	1,648,199
Land	<u>56,500</u>

TOTAL FIXED ASSETS AND PROPERTY 1,704,699

TOTAL ASSETS 2,865,839

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	235,694
Accrued Expenses	108,193
Refundable Advances	<u>519,456</u>

TOTAL CURRENT LIABILITIES 863,343

NET ASSETS

Unrestricted	
Operations	165,797
Fixed Assets and Property	1,704,699
Temporarily Restricted Net Assets	<u>132,000</u>

TOTAL NET ASSETS 2,002,496

TOTAL LIABILITIES AND NET ASSETS 2,865,839

The accompanying notes are an integral part of these financial statements.

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
 MONROE, LOUISIANA
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Operations</u>	<u>Fixed Assets</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>				
Grants - CSBG	439,500	-	-	439,500
Grants - LIHEAP	1,691,035	-	-	1,691,035
Grants - HHS	4,477,765	-	-	4,477,765
Grants - USDA Food Program	554,723	-	-	554,723
Other Grants	1,815	-	-	1,815
Contributions	132,000	-	-	132,000
Miscellaneous	38,987	-	-	38,987
Reclassification	132,000	-	(132,000)	-
<u>TOTAL SUPPORT AND REVENUE</u>	<u>7,467,825</u>	<u>-0-</u>	<u>(132,000)</u>	<u>7,335,825</u>
<u>EXPENSES</u>				
Program Services:				
CSBG	290,176	-	-	290,176
Head Start (HHS)	4,374,516	135,475	-	4,509,991
USDA - Food Services	498,445	658	-	499,103
OCOG	-	27,522	-	27,522
Home Energy Assistance (LIHEAP)	1,680,264	-	-	1,680,264
<u>TOTAL PROGRAM SERVICES</u>	<u>6,843,401</u>	<u>163,655</u>	<u>-0-</u>	<u>7,007,056</u>
<u>SUPPORT SERVICES</u>				
General and Administrative	519,587	2,105	-	521,692
<u>TOTAL SUPPORT SERVICES</u>	<u>519,587</u>	<u>2,105</u>	<u>-0-</u>	<u>521,692</u>
<u>FUND-RAISING</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL FUND-RAISING</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>TOTAL EXPENSES</u>	<u>7,362,988</u>	<u>165,760</u>	<u>-0-</u>	<u>7,528,748</u>
<u>EXCESS (DEFICIT) OF SUPPORT OVER EXPENSES</u>	104,837	(165,760)	(132,000)	(192,923)
<u>CHANGES IN NET ASSETS</u>				
Acquisition of Property	(93,727)	93,727	-	-
Gain on Asset Disposition	-	-	-	-
<u>UNRESTRICTED NET ASSETS - BEGINNING OF YEAR</u>	154,687	1,776,732	264,000	2,195,419
Transfers	-	-	-	-
<u>UNRESTRICTED NET ASSETS - END OF YEAR</u>	<u>165,797</u>	<u>1,704,699</u>	<u>132,000</u>	<u>2,002,496</u>

The accompanying notes are an integral part of these financial statements.

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
 MONROE, LOUISIANA
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	(192,923)
Adjustments to Reconcile Increase in Net Assets	
To Net Cash Provided (Used) by Operating Activities:	
Depreciation	165,760
(Increase) Decrease in:	
Accounts Receivable - Grants	(171,627)
Contributions Receivable	132,000
Prepaid Expenses	-
Increase (Decrease) in Operating Liabilities -	
Accounts Payable	59,252
Accrued Liabilities	6,440
Refundable Advances	15,343

<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>14,245</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets	(93,727)
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<u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</u>	<u>(93,727)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on Loans	(35,000)
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<u>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</u>	<u>(35,000)</u>
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<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	<u>(114,482)</u>
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<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>250,564</u>
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<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>136,082</u>
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SUPPLEMENTAL CASH BASIS DATA

Interest Paid	100
Income Taxes Paid	-0-

The accompanying notes are an integral part of these financial statements.

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
 MONROE, LOUISIANA
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Home Energy Assistance <u>LIHEAP</u>	<u>OCOG</u>	<u>CSBG</u>	USDA Food Services	Head Start HHS
Salaries	114,932	-	138,630	168,418	2,562,954
Fringe Benefits	15,595	-	52,470	44,868	820,324
Travel & Training	2,022	-	3,357	-	226,409
Occupancy	-	-	14,624	-	403,920
Telephone	-	-	12,821	-	-
Insurance	-	-	7,912	-	141,332
Vehicle Operation	-	-	-	-	-
Supplies & Postage	-	-	5,143	22,489	18,433
Repairs & Maintenance	-	-	5,894	5,088	106,763
Professional Services	5,457	-	-	-	62,855
Food & Related Supplies	-	-	-	257,582	-
Miscellaneous	4,132	-	2,753	-	31,426
Client Assistance Payments	1,538,126	-	46,572	-	-
Interest	-	-	-	-	100
<u>TOTAL EXPENSES</u>					
<u>BEFORE DEPRECIATION</u>	1,680,264	-0-	290,176	498,445	4,374,516
<u>DEPRECIATION</u>	-	27,522	-	658	135,475
<u>TOTAL EXPENSES</u>	<u>1,680,264</u>	<u>27,522</u>	<u>290,176</u>	<u>499,103</u>	<u>4,509,991</u>

The accompanying notes are an integral part of these financial statements.

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
 MONROE, LOUISIANA
 STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Total Program Services</u>	<u>General And Administrative</u>	<u>Total Expenses</u>
Salaries	2,984,934	328,477	3,313,411
Fringe Benefits	933,257	81,084	1,014,341
Travel & Training	231,788	3,234	235,022
Occupancy	418,544	8,481	427,025
Telephone	12,821	9,013	21,834
Insurance	149,244	591	149,835
Vehicle Operation	-	-	-
Supplies & Postage	46,065	33,126	79,191
Repairs & Maintenance	117,745	2,034	119,779
Professional Services	68,312	25,326	93,638
Food & Related Supplies	257,582	-	257,582
Miscellaneous	38,311	21,553	59,864
Client Assistance Payments	1,584,698	6,668	1,591,366
Interest	100	-	100
<u>TOTAL EXPENSES</u>			
<u>BEFORE DEPRECIATION</u>	6,843,401	519,587	7,362,988
<u>DEPRECIATION</u>	163,655	2,105	165,760
<u>TOTAL EXPENSES</u>	<u>7,007,056</u>	<u>521,692</u>	<u>7,528,748</u>

The accompanying notes are an integral part of these financial statements.

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Nature of Activities

Ouachita Multi-Purpose Community Action Program, Inc. (OMCAP) is a private nonprofit corporation incorporated under the laws of the State of Louisiana. OMCAP is governed by a Board of Directors composed of members from Ouachita Parish. OMCAP operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in Ouachita Parish in Louisiana. The following programs, with their approximate percentage of total revenues indicated, are administered by OMCAP:

Head Start Program (62.84%) - Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services. The Head Start Program is a major program for the year ended December 31, 2012.

Child and Adult Care Food Program (7.56%) - Provides a food service program in coordination with the Head Start Program. Funding is provided by federal funds passed through the Louisiana Department of Education.

Community Services Block Grant (CSBG) (5.99%) - Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Department of Labor.

Home Energy Assistance Program (23.05%) - Assists low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency. The Home Energy Assistance Program is a major program for the year ended December 31, 2012.

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Ouachita Council of Governments (OCOG) (0.01%) - Accounts for quarterly reimbursements received from the Ouachita Council of Governments for general agency operations.

General Services (0.55%) - Provides payment of necessary agency expenses not specifically attributable to a grant/contract operated by the agency. Funding is provided by various donations.

B. Basis of Accounting

The financial statements of OMCAP have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Basis of Presentation

The Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Taxes

OMCAP is a nonprofit corporation and is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to OMCAP's tax-exempt purpose is subject to taxation as unrelated business income. OMCAP had no such income for this audit period.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. Use of Estimates (Continued)

estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, OMCAP considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Property and Equipment

Acquisitions of buildings, equipment, and improvements and all expenditures for repairs, maintenance, and betterments in excess of \$500 that materially prolong the useful lives of assets are capitalized. Capitalized assets are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds there from is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding agency.

H. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

H. Revenue and Support (Continued)

sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

I. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management has determined that fund-raising expenses are not material.

J. Advertising Costs

Advertising costs are expensed as they are incurred. Advertising expenses for the year ended December 31, 2012 are immaterial.

NOTE 2 - FUNDING POLICIES AND SOURCES OF FUNDS:

The Agency receives its monies through various methods of funding. Most of the funds are received on a grant basis. Under this method funds are received as needed or on a monthly or quarterly allocation of the total budget (grant)

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 2 - FUNDING POLICIES AND SOURCES OF FUNDS: (Continued)

in advance of the actual expenditure. The Agency also receives funds as a reimbursement of actual expenditures, and upon a per unit of service provided method. The Agency also receives funds by contributions from both public and private sources. The loss of any of the large sources could have a negative effect on the Agency.

NOTE 3 - CASH IN BANK:

All funds are in institutions insured by an agency of the federal government. The Agency has pledged securities to cover any uninsured cash balances.

NOTE 4 - CONCENTRATIONS OF CREDIT RISK:

Concentrations of credit risk with respect to grant receivables were limited due to the balance being comprised of amounts due from governmental agencies under contractual terms. As of December 31, 2012, OMCAP had no significant concentrations of credit risk in relation to grant receivables.

NOTE 5 - GRANT RECEIVABLES:

Accounts Receivable - Grants at December 31, 2012 consists of reimbursements for expenses incurred under the various grant programs. The following list presents Accounts Receivable - Grants by fund at December 31, 2012.

Head Start	787,630
USDA	105,428
LIHEAP	<u>-0-</u>
<u>Total</u>	<u>893,058</u>

Management has determined that the allowance for bad debts is not material. Receivables are written off when management deems them not collectible.

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 6 - BOARD OF DIRECTORS' COMPENSATION:

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE 7 - NON-CASH CONTRIBUTIONS:

The Agency received various non-cash contributions for the Head Start Program during the year from private and public sources. Contributions for Occupancy costs totaled \$528,000 and have been reported as revenues, as these costs meet the criteria for recognition as contributions, and the offsetting expenses have been reported in the financial statements. The Agency also received donated services from volunteers which have not been recognized as revenue in the basic financial statements as these costs do not meet the criteria for recognition as contributions.

Donated services are recognized as contributions in accordance with professional standards (FASB ASC 958-605-25-16), if the services create or enhance a non-financial asset or require specialized skills, are provided by entities or persons possessing those skills and would need to be purchased if they were not donated.

Donated facilities are recognized as contributions in accordance with professional standards (FASB ASC 958-605-52-24) as the organization receives free use of its facilities.

Included in the financial statements is a temporarily restricted net asset in the amount of \$132,000. This restriction is related to a multi-year lease on the use of facilities by the Agency, and the \$132,000 is the value to be recognized under current professional standards. Such amount is recorded as a receivable in the restricted fund (due to time restriction). This amount is related to use of facilities for the fiscal year ended December 31, 2013.

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 8 - PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at December 31, 2012:

	Estimated Depreciable <u>Life</u>	Purchased With Federal <u>Funds</u>	Purchased With Non- Federal Funds	<u>Total</u>
Land		37,000	19,500	56,500
Buildings & Improvements	5 - 30 Years	2,163,436	17,712	2,181,148
Furniture & Equipment	3 - 7 Years	2,251,639	17,675	2,269,314
Accumulated Depreciation		(2,780,668)	(21,595)	(2,802,263)
Net Investment In Property & Equipment		<u>1,671,407</u>	<u>33,292</u>	<u>1,704,699</u>

Depreciation expense for the year ended December 31, 2012 was \$165,760. The straight-line method of depreciation is used to record depreciation.

NOTE 9 - REFUNDABLE ADVANCES:

OMCAP records federal funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source. Refundable advances at December 31, 2012 consist of the following:

Head Start Prior Year Federal Funds Not Reprogrammed	470,851
LIHEAP Federal Funds Not Reprogrammed	<u>48,605</u>
<u>Total</u>	<u>519,456</u>

NOTE 10 - RETIREMENT PLAN:

OMCAP participates in a tax sheltered annuity whereby an amount equal to 7% of the salary of eligible employees is contributed to the plan. The amount contributed by OMCAP for the year ended December 31, 2012 was \$216,053.

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 11 - LEASES:

The Agency leases certain buildings under operating leases. The rental costs on these items for the year ended December 31, 2012 were \$18,210. There were no commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year as of December 31, 2012. Remaining payments required on this lease are as follows:

2013	18,210
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As discussed in Note 2, the Agency receives donated facilities under a multi-year lease. Expenses to be charged to the Agency for the next five years are as follows:

2013	132,000
2014	-0-
2015	-0-
2016	-0-
2017	-0-

NOTE 12 - ACCRUED EXPENSES:

Accrued expenses consisted of the following at December 31, 2012:

Accrued Leave	73,447
Payroll Taxes Payable	<u>34,746</u>
<u>Total</u>	<u>108,193</u>

NOTE 13 - RELATED PARTY:

There were no related party transactions during the period ending December 31, 2012.

NOTE 14 - NONCOMPLIANCE FINDINGS AND QUESTIONED COSTS:

The Agency receives funding/grants from various government agencies and such funding is subject to certain requirements and conditions. The items listed in the schedule of findings

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 14 - NONCOMPLIANCE FINDINGS AND QUESTIONED COSTS: (Continued)

and questioned costs will be reviewed by the appropriate funding agency and a final resolution of the questioned costs will be made by such agency.

NOTE 15 - SUBSEQUENT EVENTS:

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Agency through June 28, 2013, the date the report was available for issue, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

NOTE 16 - IMPAIRMENT OF LONG-LIVED ASSETS:

In accordance with the accounting guidance for the impairment or disposal of long-lived assets, the Agency reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized to date.

NOTE 17 - UNCERTAIN TAX POSITIONS:

The Agency is subject to examination by various taxing authorities, including federal income tax examinations. Management has reviewed the Agency's activities and believes that no additional amounts or disclosures are needed, as the effect of any uncertain tax positions is not material to the financial statements. The tax returns for the years 2012, 2011, 2010, and 2009 are open for examination by various taxing authorities.

SUPPLEMENTARY FINANCIAL INFORMATION

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
 MONROE, LOUISIANA
 STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - HEAD START PROGRAM
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>COB Balances Current Year</u>
<u>REVENUES</u>			
Federal Share Awarded This Period	4,617,612	4,477,765	(139,847)
Grantee's Contribution	1,154,403	1,119,442	(34,961)
Miscellaneous	-	38	38
 <u>TOTAL REVENUES</u>	 <u>5,772,015</u>	 <u>5,597,245</u>	 <u>(174,770)</u>
<u>EXPENDITURES</u>			
Head Start Program			
Personnel	2,934,664	2,756,847	(177,817)
Fringe Benefits	763,013	862,016	99,003
Travel	15,000	226,408	211,408
Supplies	108,000	42,242	(65,758)
Contractual	34,000	83,574	49,574
Capital Outlay	92,000	93,727	1,727
Other	670,935	412,989	(257,946)
 <u>TOTAL</u>	 <u>4,617,612</u>	 <u>4,477,803</u>	 <u>(139,809)</u>
Grantee's Share	1,154,403	1,119,442	(34,961)
 <u>TOTAL EXPENDITURES</u>	 <u>5,772,015</u>	 <u>5,597,245</u>	 <u>(174,770)</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>		 <u>-0-</u>	

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
 MONROE, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
*Head Start (FY 12/31/12)	93.600	06CH5175/46	4,477,803
Passed Through Louisiana Department Of Labor			
Community Services Block Grant	93.569	2012N0027 2011N0027	439,500
Passed Through Louisiana Housing Finance Agency			
Low-Income Home Energy Assistance Program	93.568	Unknown	1,691,157
<u>Total U.S. Department Of Health and Human Services</u>			<u>6,608,460</u>
<u>U.S. Department of Agriculture</u>			
Passed Through Louisiana Department Of Education			
*Child and Adult Care Food Program (Head Start FY 9/30/13)	10.558	Unknown	160,522
*Child and Adult Care Food Program (Head Start FY 9/30/12)	10.558	Unknown	392,120
<u>Total U.S. Department Of Agriculture</u>			<u>552,642</u>
<u>TOTAL FEDERAL EXPENDITURES</u>			<u>7,161,102</u>

* Major Program

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of OMCAP, it is not intended to and does not present the financial position, changes in net assets, or cash flows of OMCAP.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Pass-through entity identifying numbers are presented where available.

NOTE 3 - SUBRECIPIENTS:

Ouachita Multi-Purpose Community Action Program, Inc. did not provide federal awards to subrecipients.

COMPLIANCE REPORTS

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.

ROWLAND H. PERRY, CPA, APC
CHARLES L. JOHNSON, JR., CPA
VIOLET M. ROUSSEL, CPA, APC
JAY CUTHBERT, CPA, APAC

PAM BATTAGLIA, CPA
TREY GIMBER, CPA



"The CPA. Never Underestimate The Value."

Certified Public Accountants

3007 Armand Street
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 - HUD Audits
 - Non-Profit Organizations
 - Governmental Organizations
- Business & Financial Planning
- Tax Preparation & Planning
 - Individual & Partnership
 - Corporate & Fiduciary
- Bookkeeping & Payroll Services

June 28, 2013

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ouachita Multi-Purpose Community Action Program, Inc. (a nonprofit organization) as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ouachita Multi-Purpose Community Action Program, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ouachita Multi-Purpose Community Action Program, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Ouachita Multi-Purpose Community Action Program, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a

deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ouachita Multi-Purpose Community Action Program, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 12-1 and 12-2.

Ouachita Multi-Purpose Community Action Program, Inc.'s Response to Findings

Ouachita Multi-Purpose Community Action Program, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Ouachita Multi-Purpose Community Action Program, Inc.'s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the

entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Johnston, Perry, Johnson & Associates, L.L.P.

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.

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June 28, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana

Report of Compliance for Each Major Federal Program

We have audited Ouachita Multi-Purpose Community Action Program, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Ouachita Multi-Purpose Community Action Program, Inc.'s major federal programs for the year ended December 31, 2012. Ouachita Multi-Purpose Community Action Program, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Ouachita Multi-Purpose Community Action Program, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of

America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ouachita Multi-Purpose Community Action Program, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Ouachita Multi-Purpose Community Action Program, Inc.'s compliance.

Basis for Qualified Opinion on Head Start

As described in the accompanying schedule of findings and questioned costs, Ouachita Multi-Purpose Community Action Program, Inc. did not comply with requirements regarding CFDA 93.600 Head Start as described in finding number 12-1 for reporting. Compliance with such requirements is necessary, in our opinion, for Ouachita Multi-Purpose Community Action Program, Inc. to comply with requirements applicable to that program.

Qualified Opinion on Head Start

In our opinion, except for the non-compliance described in the "Basis for Qualified Opinion on Head Start" paragraph, Ouachita Multi-Purpose Community Action Program, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Head Start for the year ended December 31, 2012.

Unmodified Opinion on Each Major Federal Program

In our opinion, Ouachita Multi-Purpose Community Action Program, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended December 31, 2012.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with

OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 12-1 and 12-2. Our opinion on each major federal program is not modified with respect to these matters.

Ouachita Multi-Purpose Community Action Program, Inc.'s responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. Ouachita Multi-Purpose Community Action Program, Inc.'s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Internal Control over Compliance

Management of Ouachita Multi-Purpose Community Action Program, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered Ouachita Multi-Purpose Community Action Program, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ouachita Multi-Purpose Community Action Program, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Johnston, Perry, Johnson & Associates, L.L.P.

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- * Material weakness(es) identified? ☐ yes ☒ no
- * Significant deficiency(s) identified that are
not considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial
statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- * Material weakness(es) identified? ☐ yes ☒ no
- * Significant deficiency(s) identified that are
not considered to be material weaknesses? ☒ yes ☐ none reported

Type of auditors' report issued on compliance for major programs:
Qualified

Any audit findings disclosed that are
required to be reported in accordance
with section 510(a) of Circular A-133? ☒ yes ☐ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.600	Department of Health and Human Services - Head Start
10.558	Department of Agriculture - Child and Adult Care Food Program

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS

12-1

Criteria: All federal financial reports should be completed with the correct data and reviewed for accuracy.

Condition: There were errors noted in the federal Form 425 reports.

Questioned Costs: None

Context: Controls Over Federal Financial Reports

Effect: This finding has no material effect on the financial statements.

Cause: The Agency believes an expenditure was reported twice on the federal cash reports in a prior year.

Recommendation: We recommend management review federal financial reports for accuracy before submitting the reports and correct the errors on its federal financial reports.

Reply: Management agrees with this finding and will implement a review process to ensure the federal financial reports are accurate.

12-2

Criteria: All teachers are required to be certified.

Condition: Four teachers did not have the proper certification.

Questioned Costs: None

Context: Federal Program Requirements

Effect: This finding has no material effect on the financial statements.

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

12-2 (Continued)

Cause: There was an oversight in monitoring the employee files.

Recommendation: We recommend the four teachers acquire the necessary certifications or be moved from their positions.

Reply: Management agrees with this finding and will require all teachers to acquire the necessary certifications or be moved from their positions.

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION III - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS
HEAD START AND LIHEAP, ONLY MAJOR PROGRAMS

12-1

CFDA #93.600 - Head Start Program

Criteria: All federal financial reports should be completed with the correct data and reviewed for accuracy.

Condition: There were errors noted in the federal Form 425 reports.

Questioned Costs: None

Context: Controls Over Federal Financial Reports

Effect: This finding has no material effect on the financial statements.

Cause: The Agency believes an expenditure was reported twice on the federal cash reports in a prior year.

Recommendation: We recommend management review federal financial reports for accuracy before submitting the reports and correct the errors on its federal financial reports.

Reply: Management agrees with this finding and will implement a review process to ensure the federal financial reports are accurate.

12-2

CFDA #93.600 - Head Start Program

Criteria: All teachers are required to be certified.

Condition: Four teachers did not have the proper certification.

Questioned Costs: None

Context: Federal Program Requirements

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION III - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS
HEAD START AND LIHEAP, ONLY MAJOR PROGRAMS (Continued)

12-2 (Continued)

CFDA #93.600 - Head Start Program

Effect: This finding has no material effect on the financial statements.

Cause: There was an oversight in monitoring the employee files.

Recommendation: We recommend the four teachers acquire the necessary certifications or be moved from their positions.

Reply: Management agrees with this finding and will require all teachers to acquire the necessary certifications or be moved from their positions.

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.

P.O. BOX 3086
MONROE, LOUISIANA 71210

CORRECTIVE ACTION PLAN - CURRENT YEAR

June 28, 2013

To: The Oversight Agency for Audit
Health and Human Services Department

Ouachita Multi-Purpose Community Action Program, Inc. submits the following corrective action plan for the year ended December 31, 2012.

Independent Public Accounting Firm: Johnston, Perry, Johnson & Associates, LLP, 3007 Armand Street, Monroe, LA 71201.

Findings from the December 31, 2012 schedule of findings and questioned costs are discussed below:

FINDINGS - FEDERAL AWARDS PROGRAMS
HEAD START PROGRAM

12-1 Federal Financial Reports

Recommendation: We recommend management review federal financial reports for accuracy before submitting the reports and correct the errors on its federal financial reports.

Action Taken: We have reviewed the federal financial reports and determined the cause of the error. We are in the process of contacting the payment management system staff to request guidance to correct the errors. We should have the corrective action completed by July 30, 2013.

12-2 Teachers Certification

Recommendation: We recommend the four teachers acquire the necessary certifications or be moved from their positions.

Action Taken: We agree with the recommendation and will have our teaching personnel certified by August 30, 2013.

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.

CORRECTIVE ACTION PLAN - CURRENT YEAR (Continued)

Please contact Gerray Allen with any questions regarding this plan at 318-322-7151.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. B. Jamany". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director

Ouachita Multi-Purpose Community Action Program, Inc.

OUACHITA MULTI-PURPOSE COMMUNITY ACTION PROGRAM, INC.
MONROE, LOUISIANA
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS
DECEMBER 31, 2012

SECTION I - Internal Control

11-1

Finding: The review of bank reconciliations is inadequate. The bank reconciliations contain old outstanding items that should be removed from the bank reconciliations.

Status: Cleared

11-3

Finding: All travel reimbursements should be accompanied by a reimbursement form along with invoices to support each purchase on the reimbursement form.

Status: Cleared

SECTION II - Compliance

11-2

Finding: There were errors noted in the federal Form 425 reports.

Status: Uncleared